

RACE & SPORTS

State of Nevada
Gaming Control Board

Auditor's Name and Date

Internal Audit Compliance Checklist

**RACE AND SPORTS
WALK-THROUGH PROCEDURES**

Licensee: _____ Review Period: _____

NGC Regulation 6.090(15) requires the internal auditor to use guidelines, checklists and other "criteria established by the chairman" in determining whether a Group I licensee is in compliance with applicable statutes, regulations, and Minimum Internal Control Standards (MICS). The use of this checklist satisfies these requirements.

Date of Inquiry	Person Interviewed	Position

Checklist Completion Notes:

- 1) Unless otherwise instructed, examine a completed document for compliance for those questions referring to records/documentation as indicated and recalculate where appropriate. Indicate (by tickmark) whether the procedures were confirmed via examination/review of documentation, through inquiry of personnel or via observation of procedures. Tickmarks used are to be defined at the bottom of each page.
- 2) All "no" answers require referencing and/or comment, and should be cited as regulation violations, unless the Board Chairman has granted a MICS variation or the question requires a "no" answer for acceptability. All exceptions noted should be carried to the internal auditor's report/summary of findings for timely follow-up.
- 3) "(#)" refers to the Minimum Internal Control Standards for Race and Sports, Version 5 or to the applicable regulation/statute.

Scope:

This checklist must be completed once in each fiscal year.

MICS Variations and Regulation Waivers:

Obtain copies of MICS variation and regulation waiver requests and GCB correspondence regarding such requests from appropriate licensee personnel. Review to determine status of evidence of any waivers or alternative requirements imposed by granted variations. Modify and/or perform additional procedures as applicable.

Associated Equipment:

Determine if field trial or final approval has been received for all associated equipment used in the Race and Sports department. For all unreported associated equipment, cite violations of **Regulation 14.290**. If any associated equipment is currently on field trial, it is not necessary to perform a walk-through of the procedures in effect utilizing the field trial letter. For "approved" associated equipment, utilizing the final approval letter, perform a walk-through of any **special requirements** imposed on the use of the associated equipment including any additional controls which were included in the written system of internal control.

Verified per representation

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Date Approval Granted	MICS Number or Regulation	Description of Variation/Waiver Granted or Associated Equipment Approval	Number(s) of Procedure Modified or Added	W/P Ref. (if appl.)

Note: Variations/waivers and associated equipment need only be scheduled once. Refer to the workpaper where the details are scheduled and complete the last two columns of the above grid if walk-through procedures are affected.

Questions	Yes	No	N/A	Comments, W/P Reference
1. Review prior internal audit reports. Schedule any relevant exceptions cited, including those cited by the GCB or the CPA, or include a copy of the prior audit reports in the workpapers and follow up on any problems noted. Duplication of exceptions when the CPA is referring to exceptions reported in internal audit reports is not necessary.				
2. Complete the CPA MICS Compliance Checklist for Race and Sports Books in accordance with the CPA MICS Compliance Reporting Requirements "Guidelines" and Internal Audit Reporting Requirements "Guidelines".				

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Questions	Yes	No	N/A	Comments, W/P Reference
Regulation 22.040 Reserve Requirements 3. Obtain a recent copy of a Regulation 22.040 report submitted to the Board and perform the following: Indicate the month/year selected.				
a) For one day of the monthly report selected, recalculate the reserve requirement. Was day's reserve properly calculated and reported to the Board? Regulation 22.040(1) and (8) Indicate the date selected. Note: The calculation of the daily reserve should also include all amounts related to pari-mutuel wagering such as phone account deposits, future wagers and unpaid winners.				
b) When a reserve is required to be maintained, for all days of the report being reviewed, is a reserve of cash, or cash equivalent, held in a financial institution or a bond written by a bona fide insurance carrier in an amount equal to or greater than the reserve requirement amount for each day reported to the Board? Regulation 22.040(8)				
4. When a reserve is maintained pursuant to Regulation 22.040, confirm the reserve agreement has been approved by the Board and is in effect by contacting the entity with which the agreement was made. Regulation 22.040				

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Questions	Yes	No	N/A	Comments, W/P Reference
5. Do all betting tickets bear the name and address of the book? Regulation 22.050				
6. Does the licensee prohibit the acceptance of wagers from a person who the book, agent or employee knows, or reasonably should know, is a messenger bettor or is placing the wager in violation of state or federal law? Regulation 22.060(5)				
7. Are all wagering propositions on races or sporting events posted in compliance with Regulation 22.060(7) ?				
Noncash, Nonpari-mutuel Wagers				
8. Has the licensee notified the Board in writing as to whether the book will accept noncash wagers? Regulation 22.060(8)				

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<p>Note 1: Regarding the following questions, it is acceptable for the licensee to choose not to distinguish between pari-mutuel and nonpari-mutuel wagers for compliance purposes.</p> <p>Note 2: Refer to Regulation 22 Newsletter #1, questions 22-24 for additional guidance on identification procedures. Be aware of differences in the requirements of Regulations 22 and 6A.</p> <p>9. Prior to accepting a noncash, nonpari-mutuel wager in excess of \$10,000 from other than a "known patron" [Note: The definition of a "known patron" is found in Regulation 22.061(4)], does the book:</p>				
<p>a. Obtain the patron's name? Regulation 22.061(1)(a)</p>				
<p>b. Obtain or reasonably attempt to obtain the patron's permanent address and social security number? Regulation 22.061(1)(b)</p>				

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Questions	Yes	No	N/A	Comments, W/P Reference
<p>c. Obtain one of the following identification credentials from the patron:</p> <ul style="list-style-type: none"> 1) Driver's license; 2) Passport; 3) Non-resident alien identification card; 4) Other reliable government issue identification card; or 5) Other picture identification credential normally acceptable as a means of identification when cashing checks? <p>Regulation 22.061(1)(c)</p>				
<p>d. Examine the identification credential obtained to verify the patron's name, and to the extent possible, to verify the accuracy of the address and social security number? Regulation 22.061(1)(d)</p>				
<p>9. If a book employee knows a patron, does he verify that the licensee has previously obtained the patron's name and identification credential and that the information is on file and has been updated within the last three years? Regulation 22.061(4)</p> <p>Note: Applies only if the book employee relies on this method of identification. If the employee performs the identification procedures of Regulation 22.061(1), this is a moot point.</p>				

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Questions	Yes	No	N/A	Comments, W/P Reference
10. Prior to accepting a noncash, nonpari-mutuel wager in excess of \$10,000, if the book knows a person is placing a wager on behalf of another person, does the licensee:				
a. Obtain and record the information in question 8 with respect to the person placing the wager? Regulation 22.061(2)				
b. Attempt to obtain the information in question 8 with respect to the person for whom the wager was placed and record such information to the extent it was obtained? Regulation 22.061(2)				
11. Subsequent to accepting a noncash, nonpari-mutuel wager in excess of \$10,000, including those from listed patrons, does the book record or maintain records that include:				
a. The patron's name and, if applicable, the agent's name? Regulation 22.061(3)(a)				
b. The patron's address and, if applicable, the agent's address? Regulation 22.061(3)(b)				
c. The patron's social security number and, if applicable, the agent's social security number? Regulation 22.061(3)(c)				

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Questions	Yes	No	N/A	Comments, W/P Reference
d. A description including any document number of the identification credential examined (or credential information on file for known patrons) and, if applicable, for the agent? Regulation 22.061(3)(d)				
e. The amount of the wager? Regulation 22.061(3)(e)				
f. Window number or other identification of the location where the wager occurred? Regulation 22.061(3)(f)				
g. The time and date of the wager? Regulation 22.061(3)(g)				
h. The name and signature of the book employee accepting or approving the wager? Regulation 22.061(3)(h)				
i. Method of identification verification? Regulation 22.061(3)(i) – per industry letter dated 1/29/99				
j. Date of birth? Regulation 22.061(3)(i) – per industry letter dated 1/29/99				
k. Any other information as required by the chairman? Regulation 22.061(3)(i)				

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Questions	Yes	No	N/A	Comments, W/P Reference
12. Does the book report the wagers required by Regulation 22.061(3) to be recorded, excluding wagers accepted from "listed patrons," on a "Book Wagering Report"? Regulation 22.061(6) Note: The exclusion of wagering activity by listed patrons applies only to the Book Wagering Report, <i>not</i> to the recording of information pursuant to Regulation 22.061(3).				
13. Per examination of the most recent report, does the report include all of the information required by Regulation 22.061(6) , including information required by the Chairman?				
14. Are such reports submitted to the Gaming Control Board no later than fifteen days after the end of the month in which the transaction(s) occurred? Regulation 22.061(6)				
15. Does the licensee file an amended Book Wagering Report if it obtains information to correct or complete a previously submitted report, referencing to the previously submitted report? Regulation 22.061(6)				

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Questions	Yes	No	N/A	Comments, W/P Reference
Multiple Noncash, Nonpari-Mutuel Wagers Note: One "MTL" may be used for Regulation 22 and Regulation 6A purposes as long as cash and noncash transactions are distinguished on the log. 16. Is each noncash, nonpari-mutuel wager made between the book and a patron (or an agent or confederate of the patron) within a monitoring area, in an amount exceeding \$3,000, recorded on a noncash wager multiple transaction log? Regulation 22.062(2)				
17. Does a book employee monitor and record on a noncash wager multiple transaction log noncash, nonpari-mutuel wagers in amounts less than \$3,000 if he has knowledge that the \$3,000 threshold has been exceeded through a series of noncash, non-parimutuel wagers between the book and a patron (or an agent or confederate of the patron)? Regulation 22.062(2)				
18. Is each entry in the noncash wager multiple transaction log made by the employee accepting or approving the wager, immediately after accepting the wager? Regulation 22.062(3)				

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Questions	Yes	No	N/A	Comments, W/P Reference
<p>Note: The requirement to record information for both the patron and agent applies when a book employee knows, or has reason to know, that the individual placing the wager is a confederate or agent of the patron.</p> <p>19. Examine noncash multiple transaction logs currently in the book with entries, or a recent log with entries, and determine if the following are included:</p> <p>a. Description of the patron (or agent), which may include such identifiers as age, sex, race, eye color, hair, weight, height and attire, if the person is present when the wager is accepted? Regulation 22.062(3)(a)</p>				
b. Patron's name and agent's name, if known? Regulation 22.062(3)(b)				
c. Window number or other identification of the location where the wager occurred? Regulation 22.062(3)(c)				
d. Time and date of the wager? Regulation 22.062(3)(d)				
e. Dollar amount of the noncash wager? Regulation 22.062(3)(e)				
f. Signature of the person accepting or approving the wager? Regulation 22.062(3)(f)				

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Questions	Yes	No	N/A	Comments, W/P Reference
<p>20. Is one log maintained for each monitoring area? Regulation 22.062(3)</p> <p>Note 1: If the book is subject to Regulation 6A, the monitoring areas are those designated by the licensee for compliance with Regulation 6A. If the book is not subject to Regulation 6A the monitoring area consists of all race book and sports pool writing locations unless otherwise approved by the chairman. Regulation 22.062(7)(b)</p> <p>Note 2: If a separate telephone room exists apart from the regular write area (such as a central site book) and this room is not operated by individuals who accept other cash or noncash wagers, the room may be considered a separate monitoring area. However, see Regulation 22 Newsletter #1, question 19 for further guidance.</p>				
<p>21. Is a log completed for each designated 24-hour period regardless of whether any noncash, nonpari-mutuel wagers occurred? Regulation 22.062(3)</p> <p>Note: The designated 24-hour period means the 24-hour period designated by the licensee for the book for compliance with Regulation 6A. If the book is not subject to Regulation 6A, the book's designated 24-hour period ends at midnight each day unless otherwise approved by the chairman. Regulation 22.062(7)(a)</p>				

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Questions	Yes	No	N/A	Comments, W/P Reference
<p>22. At the end of each designated period, is an entry made in the log to indicate that the end of the 24-hour period has occurred? Regulation 22.062(3)</p> <p>Note: This should be a comment such as "end of day." The purpose is to be able to distinguish any transactions that were added after the fact from those which were recorded immediately after the transactions occurred.</p>				
<p>23. To determine if the \$10,000 threshold has been exceeded, does the book aggregate all cash and noncash wagers that are nonpari-mutuel wagers between the book and the patron (or a person who book employees know is an agent or confederate of the patron) in excess of \$3,000 and those wagers in amounts of \$3,000 and less, when a book employee has knowledge of the wagers, during a designated 24-hour period within a monitoring area? Regulation 22.062(4)</p>				
<p>24. Prior to completing a wager that, when aggregated with other wagers pursuant to Regulation 22.062(4), will aggregate to an amount that will exceed \$10,000, does the book complete the identification and recordkeeping requirements described in Regulation 22.061(1)? Regulation 22.062(5)</p>				

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Questions	Yes	No	N/A	Comments, W/P Reference
25. When aggregated wagers exceed \$10,000 (see note following question 27), does the book complete the recording and reporting requirements of Regulation 22.061? Regulation 22.062(5)				
26. Do records and reports completed pursuant to Regulation 22.061 and Regulation 22.062(5) exclude cash wagers and portions of wagers made with cash that are required to be reported pursuant to Regulation 22.064? Regulation 22.062(5) Note: If cash amounts were not required to be reported pursuant to Regulation 6A or Regulation 22.064, then the cash wagers are included in the records and reports required by Regulation 22.061 and Regulation 22.062(5).				

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Questions	Yes	No	N/A	Comments, W/P Reference
<p>27. If a patron whose wagers were required to be recorded pursuant to Regulation 22.061 or Regulation 22.062(4) makes an additional wager during the designated 24-hour period, does the book complete the identification, recordation and reporting procedures described in Regulation 22.061 for any such additional wagers, regardless of amount? Regulation 22.062(6)</p> <p>Note: For purposes of this question, “additional wagers” do not include cash wagers (or portions of wagers made with cash) that are required to be reported pursuant to Regulation 6A or Regulation 22.064. However, if a cash wager will <i>not</i> be subject to reporting under one of these regulations, the amounts are to be recorded in accordance with Regulation 22.061 and Regulation 22.062(4).</p>				
<p>28. If the chairman has imposed upon this book the identification, recordkeeping and reporting requirements of Regulation 22.061 and 22.062 for pari-mutuel wagers, is the licensee complying with the requirements as described in the notification letter? Regulation 22.065</p>				
<p>29. If the book is not subject to the requirements of Regulation 6A, does it submit to the Board a copy of any report required to be filed pursuant to 26 U.S.C. Section 6050I, related to the acceptance of wagers within 30 days of the required federal filing deadline? Regulation 22.064</p>				

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Questions	Yes	No	N/A	Comments, W/P Reference
Parlay Card Wagers				
30. Do parlay card wagering forms disclose all the information required by Regulation 22.090 ?				
Communications Technology				
31. Has written approval been received from the Board for any communications technology on the premises of the book? Regulation 22.130				
32. Is any person prohibited from using a communications device within the premises of the book? Regulation 22.135				
33. Has written approval of the chairman been obtained to accept wagering communications? Regulation 22.140(2)				
34. Is communications technology only used as approved for that purpose? Regulation 22.140(2)				
35. Annually, has the chairman's approval been obtained to continue using the communications technology? Regulation 22.140(2)				
36. Are all wagering communications electronically recorded and retained for a period of 60 days? Regulation 22.140(9)				
37. Before a book accepts wagering communication:				

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Questions	Yes	No	N/A	Comments, W/P Reference
a. Does the bettor personally appear at the premises of the book or, for central site books, at an outstation, satellite or affiliated book, to open a wagering account [Regulation 22.140(6)(a)]				
b. Does an employee of the book examine, in the bettor's presence, the bettor's driver's license, passport, non-resident alien identification card, other reliable government issue identification or other picture identification credential normally acceptable as a means of identification when cashing checks? [Regulation 22.140(6)(b)]				
Surveillance 38. Is adequate video surveillance provided over the race and sports book area? Regulation 5.160(9) and Surveillance Standard #5				
Free Play and Promotional Items 39. If free play or promotional items are <u>currently</u> being offered, is the accounting treatment proper? NRS 463.0161, NRS 463.3715 and Regulation 6.110				

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Questions	Yes	No	N/A	Comments, W/P Reference
Employee Segregation 40. Are race and sports book employees prohibited from wagering on race/sports events, except off-track pari-mutuel wagering, with the book at which they are employed or at a book of an affiliate or an affiliated company whether on their behalf, on behalf of the race book or sports pool, or on behalf of another person? Regulation 5.013 Note: For example, a sports writer cannot wager on race or sports events.				
Other 41. Are house rules conspicuously displayed? Regulation 22.150.				
42. Does the licensee prohibit the acceptance or payment of wagers on events described in Regulation 22.120(1)? Regulation 22.120(1)				

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Questions	Yes	No	N/A	Comments, W/P Reference
In-house Progressive Payoff Schedules 43. Scan progressive meter readings, including those offered in conjunction with a race and/or sports tournament, contest or promotion, for the most recent two weeks and determine that:				
a. The base amount of each progressive payoff is recorded pursuant to Regulation 5.110(2) (the base amount should be recorded when first exposed for play and subsequent to each payoff).				
b. The amount of each progressive payoff schedule is recorded at least one time daily. Regulation 5.110(2)				
c. The payoff amount has increased since the prior recording [unless related to reasons allowed pursuant to Regulation 5.110(4), Regulation 5.110(5) and (6)].				
d. The payoff amount on the progressive payoff schedule decreased except as allowed by Regulation 5.110(5) . (Any reduction should be supported by appropriate documentation pursuant to Regulation 5.110(2) and 5.110(5), such as a notation of a payoff, a meter repair slip, etc.).				

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Questions	Yes	No	N/A	Comments, W/P Reference
e. Changes in the rate of progression are documented pursuant to Regulation 5.110(3) . If no changes are detected, inquire with licensee personnel to determine if they would document such changes.				
Suspicious Wagers				
44. Are sports pool employees or its directors, officers and agents familiar with what is considered a suspicious wager? Regulation 22.121				
45. Do sports pool employees or its directors, officers and agents make a diligent effort to identify and report suspicious wagers? Regulation 22.121				
46. Do these aforementioned individuals know that Regulation 22.121 requirements are separate from any federal suspicious activity reporting requirements? Regulation 22.121				
47. Is a "Suspicious Wager Report" form, developed by the board, filed with the board:				
a. When a suspicious wager involving or aggregating to more than \$3,000 in funds or other assets occurs? Regulation 22.121(2)				

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Questions	Yes	No	N/A	Comments, W/P Reference
b. When the sports pool licensee believes the wager is relevant to the possible violation of any law or regulation, regardless of the wager amount? Regulation 22.121(2)				
48. Are such reports submitted to the board within the time constraints of Regulation 22.121(3)? Regulation 22.121(3)				
49. Does the licensee maintain a copy of any report filed along with the original or business record equivalent of any supporting documentation for a period of five years from the date of filing the report? Regulation 22.121(4)				
50. Is the aforementioned documentation available to the board and any appropriate law enforcement agencies upon request? Regulation 22.121(5)				
51. Is it prohibited to inform the patron or other persons involved in the transaction that a "Suspicious Wager Report" was completed? Regulation 22.121(5)				
<u>Procedures Modified or Added</u>				

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Objectives:

To determine if controls for race and sports are adequate to ensure race and sports revenues are accurately stated in financial records and comply with the MICS.

Checklist Completion Notes:

- 1) Each step contains a parenthetical notation at the end of the step to designate the purpose of the step. Steps to ascertain compliance with a regulation or minimum standard will be followed by the appropriate regulation or standard. Steps to test the clerical accuracy of revenue will be followed by "Revenue." Steps to determine whether assets were protected will be followed by "Asset Protection."
- 2) The minimum standards quoted on this checklist are from Version 5 of the standards. Licensees must be in compliance with these standards by 1/21/04.
- 3) Document the completion of the procedures listed below. All exceptions noted should be carried to the Audit Report/Summary of Findings for timely follow-up. Indicate the workpaper reference in which the exception has been carried forward to, as applicable, in the "Exception/Comment" column.

Scope:

Unless otherwise indicated, select 1 day per year. **Indicate Test Date:** _____

MICS Variations and Regulation Waivers:

Review the MICS variations and regulation waivers scheduled during the race and sports walkthrough procedures. Modify and/or perform additional procedures as applicable. Note below the number of the procedures modified or added. Only the last two columns need to be completed if the remaining information is scheduled in the "Walkthrough Procedures Checklist".

Date Approval Granted	MICS Number or Regulation	Description of Variation/Waiver Granted or Associated Equipment Approval	Number(s) of Procedure Modified or Added	W/P Ref. (if appl.)

If the race and sports book is an outstation of a central site book, steps #7 g-i, 10, 11 and 32 do not need to be performed.
Indicate the Central Site Book: _____

✓ - Step completed without exception

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Test Date Selected:	Step completed without exception	Exception/Comment
1. Review prior internal audit reports. Schedule any relevant exceptions cited, including those cited by the GCB or the CPA, or include a copy of the prior audit reports in the workpapers and follow-up on any problems noted. Duplication of exceptions when the CPA is referring to exceptions reported in internal audit reports is not necessary.		
2. Foot the write transaction register for one writer station per test day. (Revenue)		
3. Foot the subtotals of all writer stations from the write transaction register and trace the total to the daily summary. (Revenue)		
4. Foot the payout transaction register for one cashier station per test day. (Revenue)		
5. Foot the subtotals of all cashier stations from the payout transaction register and trace the total to the daily summary. (Revenue)		
6. Foot payout tickets (customer copy) and trace the total to the payout transaction register for one cashier station per test day. (Revenue)		
7. For the test day, select 10 tickets for winning sports wagers and 10 tickets for winning race wagers and perform the following:		
a. Match the customer copy of the payout to the write transaction register. (Asset Protection)		
b. Recalculate and verify proper payout with respect to wager and odds. (Asset Protection)		
c. Trace the winning ticket to the payout transaction register. (Asset Protection)		
d. If the payout is equal to or greater than an amount that requires listing on the exception report, trace the ticket to the exception report. (Asset Protection)		
e. For tickets paid through the computer, determine that a paid designation was written or stamped on the ticket and that the date and amount paid are noted on the ticket. [MICS #27(V5)]		

✓ - Step completed without exception

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Test Date Selected:	Step completed without exception	Exception/Comment
f. For manually paid ticket ensure that the date and time was stamped on the ticket, that it was signed by a supervisor and that it was subsequently entered into the computer system. [MICS #'s 29, 30 & 31a(V5)]		
g. Trace the winner of the event to the computerized results summary. (Asset Protection)		
h. Trace winner to an independent source to verify the winner and the reasonableness of odds and point spreads. (Asset Protection) Sources used: _____		
i. Trace the computer-generated date and time on the ticket to an independent source to determine if past-posting has occurred. (Asset Protection) Sources used: _____		
8. If any free play or promotional items were in effect on the test date, determine that the accounting treatment was proper and that win/loss was properly computed.		
9. For all not-in-computer voids and 10 computer-void tickets (5 race and 5 sports) perform the following:		
a. Trace the tickets and the information on the tickets to the exception report. (Asset Protection)		
b. Trace the time that the ticket was voided per the exception report to the cut-off time of the event per the results summary. (Asset Protection) Note: Certain systems may allow past-post voids provided that all voids of this type require supervisory password approval and are reported on the exception report separately.		
c. Determine that a void designation was branded on the ticket by the computer or that the word "void" was written or stamped on the ticket. [MICS #14a(V5)]		

✓ - Step completed without exception

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d. For not-in-computer voids, determine that the date and time the ticket was voided is stamped on the original ticket. [MICS #14b(V5)]		
e. Determine that all voids are signed by the writer/cashier and a supervisor. [MICS #14c(V5)] Note: For satellite books the second signature can be a supervisor of the host property. [MICS #14c(V5)]		
10. Examine the exception report for the following:		
a. Past-post write: For tickets written more than 15 minutes after the start of a sporting event and more than 1 minute after a racing event, determine the nature and validity of the exception. (Asset Protection)		
b. Voids: For tickets which are voided after the start of the event, determine the nature and validity of the exception. (Asset Protection)		
c. Changes in results: Trace to an independent source to determine the nature and validity of the exception. (Asset Protection)		
d. Changes in event times: Trace to an independent source to determine the nature and validity of the exception. (Asset Protection)		
e. Any other unusual exception activity (i.e., changes in odds and point spreads, wagers and payouts in excess of the licensee's limits, etc.), determine the nature and validity of the exception. (Asset Protection)		
f. Determine that the exceptions have been properly authorized by a supervisor. (Asset Protection)		
11. Review event results on the computer-generated results summary for unusual activity. (Asset Protection)		

✓ - Step completed without exception

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12. If the licensee reports future wagers on the day the wager is accepted (cash basis), review the futures report and trace the report totals to the daily summary. (Revenue) Note: The "Taxable Revenue" amount on the daily summary is usually calculated on the accrual basis for write (payouts must, pursuant to Regulation 6.110, be reported on the cash basis).		
13. If the licensee reports future wagers on the day of the event (accrual basis), select 5 future tickets written and perform the following:		
a. Trace the tickets to the futures report and verify that the write was not included in revenue on the day that the ticket was written. (Revenue)		
b. Obtain the futures report for the day(s) of the event(s) and verify that the write was properly included in revenue on the day of the event. (Revenue)		
14. Foot and cross-foot the daily summary. (Revenue)		
15. Trace race and sports revenue from the daily summary to the monthly revenue journal. (Revenue)		
16. For the month in which a test day was selected, foot the win/loss account in the monthly revenue journal. (Revenue) Note: If the revenue journal is a computer-generated document, then a smaller sample should be footed.		
17. For the month in the previous procedure, trace the win/loss per the monthly revenue journal to the general ledger and monthly NGC tax return. Examine general ledger accounts for the propriety of any activity that affects reported revenue. (Revenue)		
18. For the monthly NGC tax return reviewed in the previous step, use the appropriate supporting documentation to verify other components of race and sports on the NGC tax return (excluding no. of units).		

✓ - Step completed without exception

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<p>19. For the month in which a test day was selected, for one test day in which a contest/tournament was conducted, review the appropriate documentation to determine that entry fees and prize payouts do not have an effect on reported revenue. NRS 463.0161(2)(e) and NRS 463.0161(1)</p> <p>Note: If no contests/tournaments were offered in the month selected, then choose another month in which a contest/tournament was conducted.</p>		
<p><u>Wagering Communications/Credit Wagering</u></p> <p>Note: The term “wagering accounts” includes telephone accounts and other accounts established for persons who will bet other than in person.</p>		
<p>20. For the test day, ensure that patrons placing wagers that day had sufficient funds deposited to cover the wagering communication wager at the time of the wager; or that the licensee had established the patrons as credit patrons in compliance with Regulation 22.170.</p>		
<p>21. Examine 10 wagering accounts to ensure the following information required by Regulation 22.140(6) is properly recorded:</p> <p>Indicate the wagering accounts examined.</p>		
<p>a. The bettor's name, permanent home address (not a post office box), and home telephone number. [Regulation 22.140(6)(c)(1)]</p>		
<p>b. The bettor's mailing address. If the mailing address is not a post office box and is a residence or place of business of the bettor, the telephone number of the residence or place of business. [Regulation 22.140(6)(c)(2)]</p>		
<p>c. The bettor's date of birth, a description and number of the identity credential examined and the social security number, if available. [Regulation 22.140(6)(c)(3)]</p>		
<p>d. The method used to verify the bettor's identity and place of residence. This should include a description and document number of the identity credential used. [Regulation 22.140(6)(c)(4)]</p>		

✓ - Step completed without exception

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e. The bettor's properly authorized credit limit or the amount of the initial front money deposit. [Regulation 22.140(6)(c)(5)]		
f. The bettor's account number. [Regulation 22.140(6)(c)(6)]		
g. The date the account was opened. [Regulation 22.140(6)(c)(7)]		
h. Statements signed by the bettor:		
1) Attesting to the accuracy of the information. [Regulation 22.140(6)(d)(1)]		
2) Acknowledging receipt of a copy of the book's rules and procedures for wagering communications. [Regulation 22.140(6)(d)(2)]		
3) Acknowledging understanding that wagers may be placed from within Nevada only. [Regulation 22.140(6)(d)(3)]		
4) Acknowledging that the bettor understands all the requirements stated above. [Regulation 22.140(6)(d)(4)]		
5) Consenting to monitoring and recording by the Board of any wagering communications. [Regulation 22.140(6)(d)(5)]		
i. The book employee recording the information and the key employee who witnessed the signing of the documents in step (h) must each sign statements that they have witnessed the bettor's signature and confirmed the bettor's identity and residence. [Regulation 22.140(6)(e)]		
j. Determine that, for these accounts, the computer records:		
1) The date, amount and a description of each debit and credit to the account. [Regulation 22.140(8)(a)]		
2) For each wager accepted:		
a) The date and time the book accepts the wager. [Regulation 22.140(8)(b)(1)]		
b) The number of the betting ticket. [Regulation 22.140(8)(b)(2)]		
c) The amount of the wager. [Regulation 22.140(8)(b)(3)]		

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3) The personal identification number or other security code, if any, assigned to the patron. [Regulation 22.140(8)(c)]		
22. For all accounts selected in the previous step, determine that the daily wagering limit was not exceeded (if the Regulation 22.130 Board approval letter was conditioned for a daily wagering limit).		
23. For all accounts selected in the previous step for which the bettor is not a resident of Nevada, examine the telephone activity to ensure that Regulation 22.140(7) has been complied with (i.e., no wagers were accepted subsequent to 96 hours following the opening of the account unless the bettor had the account renewed for an additional 96 hour period).		
24. Examine 5 credit accounts established by a book permitting a patron wager on credit, does the book: Indicate the credit accounts examined.		
a. Record and verify such information as is necessary for the efficient collection of debts, including the name and address of the patron from whom the book establishes the account? [Regulation 22.170(2)(a)]		
b. Perform identification and recordkeeping requirements equivalent to Regulation 22.140(6)(b) and (c)? [Regulation 22.170(2)(b)]		
c. Permit a patron to wager on credit only if the initial credit line was established in person and any increase to that credit line has been requested, approved and documented pursuant to the book's system of internal control? [Regulation 22.170(2)(c)]		
d. Obtain the patron's written acknowledgement of receipt of a copy of the book's credit account rules and procedures? [Regulation 22.170(2)(d)]		
e. Comply with the requirements for establishing credit accounts described in the book's system of internal control prepared and submitted pursuant to Regulation 6? [Regulation 22.170(2)(e)]		

✓ - Step completed without exception

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<u>Book Wagering Report</u>		
25. Review race and sports book wagers for loggable or reportable noncash, nonpari-mutuel transactions. Trace such transactions to the MTL or Book Wagering Reports. Note: If no such transactions are noted for the test date but loggable/reportable transactions are known to occur regularly, select an additional test date for the performance of this step.		
26. Review MTL's for the following:		
a. The information is complete in accordance with Regulation 22.062(3) :		
1) Description of patron (or agent), which may include age, sex, race, eye color, hair, height and attire.		
2) Patron's name and agent's name, if known.		
3) Window number or other identification of the location where the wager occurred.		
4) Time and date of the wager.		
5) Dollar amount of the noncash wager.		
6) Signature of person accepting or approving the wager.		
b. Reportable transactions, including those transactions which when aggregated exceed \$10,000, and trace such transactions to the Book Wagering Reports.		
27. Review any Book Wagering Reports noted during the performance of the above step and ten additional Book Wagering Reports from throughout the year to ensure that the information recorded is complete in accordance with Regulation 22.061(6) :		
Note: Include copies of the Book Wagering Reports reviewed in the workpapers.		
a. The patron's and agent's (if applicable) name.		
b. The patron's and agent's (if applicable) identity credential information.		
c. The patron's and agent's (if applicable) social security number.		

✓ - Step completed without exception

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d. Wager amounts.		
e. Date of transactions.		
28. Verify that the reports examined for the performance of the previous step were filed in a timely manner with the Board. Regulation 22.061(6)		
<u>Suspicious Wagers</u>		
29. Review any Suspicious Wager Reports noted for the test date and five from throughout the year to ensure that the information recorded is complete in accordance with Regulation 22.121(2)(a) : Note: Include copies of the Suspicious Wager Reports reviewed in the workpapers.		
a. Date of incident		
b. Casino reporting information		
c. Suspect information including:		
1) Individual's last name, first name and middle initial.		
2) Description of identification credential.		
3) Social security number.		
4) Date of birth.		
d. Preparer information.		
e. Suspicious wagering information.		
30. Verify that the reports examined for the performance of the previous step were filed in a timely manner with the Board in accordance of Regulation 22.121(3) .		
31. Verify that the licensee maintained supporting documentation for all suspicious wager reports examined for the performance of the previous steps and that the documentation is readily available for review by the Board. Regulation 22.121(4)		

✓ - Step completed without exception

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Personnel Access Listing		
32. For computerized systems, obtain the personnel access listing:		
a. For computerized systems that have group profiles (job specific profiles), select five group profiles and determine whether the job functions (rights) assigned to the group profile are appropriate for the group. In addition, select one employee from each of the groups and determine whether the group profile is appropriate for the employee.		
b. For computerized systems that have individual profiles (profiles are customized for each employee), select ten employees, encompassing as many positions as possible, and determine whether the job functions (rights) assigned to each employee are appropriate for the employee.		
c. Verify that 5 terminated employees, which occurred during the review period, have been changed in the system from active to inactive status within 72 hours of termination.		
Employee Registration		
33. Review personnel records and perform inquiries of the race and sports book employees to verify that all applicable employees have been registered with the Board. Regulation 22.035		
Note: Contact Carson City Investigations to confirm that the employees have been registered.		
<u>Procedures Modified or Added</u>		

✓ - Step completed without exception